

VZCZCXRO4382  
PP RUEHDBU  
DE RUEHKB #0047/01 0101426  
ZNY CCCCC ZZH  
P 101426Z JAN 07  
FM AMEMBASSY BAKU  
TO RUEHC/SECSTATE WASHDC PRIORITY 2166  
INFO RUCNCIS/CIS COLLECTIVE PRIORITY  
RUEHAK/AMEMBASSY ANKARA PRIORITY 1941  
RUEHNO/USMISSION USNATO PRIORITY 0557  
RHMFISS/CDR USEUCOM VAIHINGEN GE PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0205  
RUEHVEN/USMISSION USOSCE PRIORITY 0533  
RUEHBS/USEU BRUSSELS PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000047

SIPDIS

SIPDIS

EUR/CARC

E.O. 12958: DECL: 01/10/2017

TAGS: [PGOV](#) [PREL](#) [PBTS](#) [KDEM](#) [PHUM](#) [EAID](#) [ENRG](#) [AJ](#)

SUBJECT: AMBASSADOR DISCUSSES EU ACTION PLAN WITH PETER SEMNEBY

Classified By: CHARGE D'AFFAIRES JASON P. HYLAND, REASONS 1.4 (B, D)

11. (C) Summary: EU Special Representative Peter Semneby told the Ambassador on December 15 that he was in Baku to take stock of the EU's relationship with Azerbaijan, support the Nagorno-Karabakh (NK) peace process, and express concern over recent media and human rights problems. The Ambassador and Semneby agreed on the need to express concern, while acknowledging the importance of gaining clearer insight into internal political developments. Semneby said that as a result of the recently concluded EU Action Plan, up to 100 million euros will be available for Azerbaijan over the next four years, and 30 - 35 percent of this money will support the growth of democracy. Semneby said Moscow is "reconsidering" its relations with Azerbaijan, balancing its inclination to squeeze Azerbaijan with a sense that this type of increased pressure could be counterproductive. End Summary.

12. (C) The Ambassador met with EU Special Representative for the South Caucasus Peter Semneby on December 15. Semneby was accompanied by a German Embassy officer Klaus Keller and Semneby's Political Advisor, Sofia Moreira de Sousa. (Semneby noted that this was his first appointment in Baku before meeting with GOAJ representatives.)

Semneby's Agenda for the Visit  
-----

13. (C) Semneby said he was in Baku to "take stock of where we are" since the signing of the Azerbaijani Action Plan and the Energy Memorandum; support the Nagorno-Karabakh (NK) settlement; and express concern over the situation concerning the media and human rights. (Note: The Action Plan with Azerbaijan and the Energy Memorandum were concluded in November 2006.) Because "Azerbaijan is a partner of ours" and the EU has increased its cooperation with Azerbaijan, Semneby stated, the "standards are higher" for Azerbaijan.

Discussion on Media and Opposition Developments  
-----

14. (C) The Ambassador welcomed Semneby's message to the GOAJ. In response to Semneby's question about why ANS had been temporarily closed, the Ambassador stated that there are several theories, to include a commercial dispute, former or current ministers jockeying to protect their interests, or an attempt to forestall a potential domestic backlash to a potential negotiating breakthrough on the NK conflict. Some

opposition representatives see the closure as part of a broader trend of increasing pressure against the opposition and independent media. Semneby reported that senior GOAJ officials told him that "forces are at play to make the President appear weak." The Ambassador said she also had heard the same theory.

15. (C) Semneby asked how the USG had responded to the temporary closure of ANS and the recent eviction of several news agencies and the Popular Front Party from their downtown offices. The Ambassador responded that the USG had raised these issues many times at the highest levels of the GOAJ, adding that DRL A/S Barry Lowenkron also planned to highlight these concerns during his December 18-19 visit. The USG hopes to begin a serious dialogue with the GOAJ on democracy. The Ambassador remarked that the USG would like to work with the EU in fostering democracy in Azerbaijan.

16. (C) The Ambassador said that there sometimes is a gap between Azerbaijan's commitment to Western integration and its domestic developments. The Ambassador mentioned that, as incoming EU Presidency, the German Ambassador is interested in gaining an objective assessment of developments in Azerbaijan. There is a need to have a clearer understanding of the factors that shape internal political developments. The Ambassador noted that President Aliyev recently agreed to engage in a dialogue with the opposition, adding that the USG encourages this proposed exchange.

#### Semneby Pledges Greater EU Presence in Azerbaijan

-----

17. (C) Semneby said there will be "a lot more EU involvement" in Azerbaijan as a result of the Action Plan.

BAKU 00000047 002 OF 002

He said that up to 100 million euros will be available for Azerbaijan over the next four years. 30-35 percent of this money over the next four years will focus on bolstering democracy. The exact figures are still unknown because the EU is still completing its 2007-2013 budget and the distribution among European Neighborhood Policy (ENP) countries has not yet been decided. He said more funds will be reserved for "best performing countries."

18. (C) To increase USG-EU coordination, the Ambassador offered to have USAID prepare a briefing on our funding efforts. Semneby welcomed the idea and said he would raise it with the European Commission and perhaps the briefing could occur in early 2007.

19. (C) Semneby said the EU would open an office in Baku in the first half of 2007. The funding has been allocated, and it is primarily an issue of securing the correct personnel. He also noted that he will have a political advisor (Sofia Moreira de Sousa) working at this office.

#### Russian Approach to Azerbaijan

-----

110. (C) Based on his recent meetings with Russian MFA officials, Semneby said Russia is in a "stage of reconsideration," in its relations with Azerbaijan. On the one hand, Moscow is inclined to squeeze Azerbaijan to keep it from the West. On the other hand, there appears to be a growing sense among some Russian officials that Azerbaijan's importance for Russia is rising and the bilateral relationship should not be unduly jeopardized by squeezing Azerbaijan too hard. Semneby said that it is "ultimately unclear" which direction Russian policy will favor. He observed, however, that Russia is "thinking hard" about its approach to the bilateral relationship and the Nagorno-Karabakh (NK) conflict. The Ambassador remarked that Russia's hardball policy on gas probably has moved Baku further away from Moscow.

¶11. (C) Semneby questioned whether this "reconsideration" might lead Moscow to favor the Azerbaijani position in the NK conflict. He noted that Russian officials strove to be more balanced in discussing Azerbaijani-Armenia relations during his visit to Moscow. Semneby reported that Polad Bulbuloglu, the Azerbaijani Ambassador to Russia, said that he did not see any change in Russia's position toward NK. Bulbuloglu described the Russian approach as "one-sided" and said Moscow is "using Armenia as a bridgehead to the region." In response to Semneby's question on the prospects for the OSCE Minsk Group to reach a settlement, the Ambassador noted there are two key issues: the negotiation's principles and whether outside parties -- especially Russia -- want a settlement. Semneby commented that Armenian Foreign Minister Vartan Oskanian was less optimistic on the prospects for a settlement in an early December than he had been in November. Speaking with Semneby in December, Oskanian emphasized the Armenian domestic political environment and the challenge of working with the NK political leadership as key constraints on Yerevan.

¶12. (C) Semneby said that Moscow is "obsessed" with Georgia, based on his meetings with Russian MFA officials. In this vein, Semneby added, Moscow is "very uncomfortable" with Baku supporting Tbilisi.

Comment  
-----

¶13. (C) The signing of the EU-Azerbaijani Action Plan is opening the door to deeper EU engagement with the GOAJ. This process can advance the US interests of energy diversification and reform within the GOAJ. It will be increasingly important for the USG and the EU to coordinate efforts to avoid duplication of funding programs. We look forward to briefing Semneby and other EU officials on USAID programs as a first step toward closer coordination.  
HYLAND